

# **FISCAL MEMORANDUM**

## **SB 2397 – HB 2418**

April 29, 2008

**SUMMARY OF AMENDMENT (016934):** Adds new language to the original bill which creates the Tennessee Helping Heroes Scholarship Fund (THHSF) for the purpose of receiving a one-time \$25,000,000 transfer from the Lottery for Education Account on July 1, 2008. Establishes \$24,500,000 of the total transfer amount as the principal amount within the THHSF. Requires interest earnings on the principal amount be used for funding Helping Heroes Grants.

### **FISCAL IMPACT OF ORIGINAL BILL:**

Other Fiscal Impact – Increases the expenditure of lottery proceeds earmarked for scholarships and grants by \$6,310,000 in FY08-09 and by \$5,711,000 in FY09-10.

### **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Other Fiscal Impact – Transfers \$25,000,000 as the principal amount from the Lottery for Education Account to the Tennessee Helping Heroes Scholarship Fund. This one-time transfer will reduce the amount of funding available for eligible recipients of traditional HOPE scholarships and grants. The expenditure of funds from the Tennessee Helping Heroes Scholarship Fund is estimated to be \$500,000 in FY08-09 and \$735,000 in FY09-10 and succeeding year.**

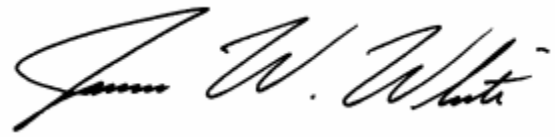
Assumptions applied to amendment:

- \$500,000 of the total \$25,000,000 transfer is awarded to students as Helping Heroes Grants during FY08-09.
- The principal amount of \$24,500,000 remains in the THHSF.
- The principal amount of the THHSF earns three percent per year.
- Annual interest earnings are estimated to be \$735,000 ( $\$24,500,000 \times 3.0\% = \$735,000$ ) per year.

- The increase of expenditures from the THHSF is estimated to be \$735,000 per year beginning in FY09-10.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/rnc